

AR11

UAN 2015

File #

ANNUAL REPORT

YEAR ENDED JULY 31, 1963

CANADIAN DYNOMINES LIMITED

Head Office: Suite 405 • 25 Adelaide Street West • Toronto 1, Ontario

Officers

S. A. PERRY, F.C.I.S.	<i>President</i>
L. PANCER, P.Eng.	<i>Vice-President and Managing Director</i>
G. D. PATTISON, C.A.	<i>Secretary-Treasurer</i>
R. D. BELL, C.A.	<i>Assistant Secretary-Treasurer</i>

Directors

COLIN A. CAMPBELL, P.Eng.	<i>Toronto, Ontario</i>
G. C. KNOWLES	<i>Toronto, Ontario</i>
HON. C. P. McTAGUE, Q.C.	<i>Toronto, Ontario</i>
L. PANCER, P.Eng.	<i>Toronto, Ontario</i>
G. D. PATTISON, C.A.	<i>Toronto, Ontario</i>
S. A. PERRY, F.C.I.S.	<i>Toronto, Ontario</i>
HARLOW H. WRIGHT, P.Eng.	<i>Toronto, Ontario</i>

Auditors

FISHER, NISKER & COMPANY
TORONTO, ONTARIO

Transfer Agents

GUARANTY TRUST COMPANY OF CANADA
TORONTO, ONTARIO

Head Office

SUITE 405, 25 ADELAIDE ST. WEST, TORONTO, ONTARIO

Canadian Dyno Mines Limited

Suite 405, 25 Adelaide Street West
Toronto 1, Ontario

Directors' Report to Shareholders,
CANADIAN DYNOMINES LIMITED.

On behalf of the Board of Directors of your Company we are pleased to submit herewith the Financial Statements of your Company for the fiscal year ended July 31, 1963, together with the Auditors' Report to Shareholders thereon dated September 30, 1963.

We are also pleased to report that your Company has continued its policy, established several years ago, of carrying on intensive prospecting and exploration work. A large number of properties at various stages of exploitation were examined and reported on during the past year. Numerous field examinations and several exploration programmes were carried out on various properties submitted to management. Your Company also participated in several grubstakes.

One of our major exploration activities during the period under review was the programme of geophysical and geological surveying followed by diamond drilling on the 96 square mile concession held by Duncan Range Iron Mines Limited in Nova Scotia. Although the work failed to locate an economic ore body, Duncan Range has retained some of its original holdings in said Province on which further work may be undertaken at some future time. Duncan Range has also maintained its concessions in Northwestern Quebec on which seven ore bodies, estimated to contain over 2 billion tons of magnetite averaging 32% iron ore content have been indicated. Your Company's shareholdings in Duncan Range were increased in the course of providing the funds for the programme in Nova Scotia.

The acquisition by your Company of a substantial interest in the James River Syndicate may also be a very important development. As a result of prospecting carried out during the past year, in an area 3 miles inland from the Arctic Coast between Coronation Gulf and Melville Sound, in the Northwest Territories, 60 mining claims were staked by this Syndicate on a gold and silver showing which from surface disclosures appears to be very promising. A vein carrying an appreciable amount of gold and silver is exposed for a length of 1200 feet with an average width of 20 feet and several other veins have been located within the 60 claim group. Your Company has also become associated with other mining interests in a Development Syndicate to carry out further exploration on this property. Up to \$100,000 initially is to be provided by the Development Syndicate and work is expected to be under way this coming summer when weather conditions permit.

Duncan Range has advised your Company that it too is interested in the area having acquired a group of claims by staking.

Your Company acquired recently by staking a group of 40 claims covering an interesting copper discovery located in Northern Quebec. A gossan zone is reported to be exposed intermittently within the 40 claim group for a distance of several miles. Selected samples over a 20 foot width returned assays ranging about 4.5% copper. This property will be explored initially by geophysical and geological methods to be followed by diamond drilling if warranted.

During the past year, Raglan Nickel Mines Limited carried out a recommended diamond drilling programme on its holdings in the Ungava area of Quebec. 41,675 feet of drilling was carried out with the result that the indicated and inferred ore reserves have been increased to 10,400,000 tons grading an average of 1.57% nickel and 0.77% copper. Your Company now holds 2,821,540 of the issued shares of Raglan Nickel Mines Limited.

Vendbar Industries Limited in which your Company now holds the majority interest has reported excellent progress in perfecting its milkshake vending machine. Public acceptance of the milkshake product has been indicated in a large number of major centres throughout Canada. We look forward to production of vending machines and the milkshake product on a commercial scale during 1964.

If you are unable to attend the forthcoming meeting and wish to be represented thereat, would you kindly sign and return the enclosed proxy in the envelope provided for your convenience.

On behalf of the Board of Directors,

S. A. PERRY,
President.

Toronto, Ontario,
January 6, 1964.

LOUIS PANCER,
Vice-President and Managing Director.

Assets

CURRENT ASSETS

Cash	\$ 359,663
Interest bearing demand deposit	214,129
Settlements receivable on concentrate shipments	1,161
Accounts receivable	20,838
Investment in short-term notes, at cost	800,000
	<hr/>
	\$ 1,395,791

INVESTMENTS (Notes 2 and 3)

Mining companies:	
Common shares	\$ 2,013,940
Debentures	666,425
	<hr/>
	\$ 2,680,365

Other companies:

Common shares, at nominal value	\$ 2	
Debentures of Vendbar Industries Limited	183,650	183,652
	<hr/>	
Investments in and advances to subsidiaries, at nominal value	3	
Mortgages receivable	37,737	
Notes receivable and accrued interest thereon	202,125	3,103,882
	<hr/>	

OTHER ASSETS

Mining properties, at cost	\$ 355,655	
Deferred outside exploration expenses	128,726	484,381
	<hr/>	
	\$ 4,984,054	<hr/>

The accompanying notes are an integral part of the financial statements

To the Shareholders of
CANADIAN DYNOMINES LIMITED.

We have examined the balance sheet of Canadian Dyno Mines Limited as at June 30, 1963, and the statement of profit and loss for the year then ended. Our examination included a general review of the accounting procedures and practices followed in arriving at the results of its operations for the year ended on that date, in accordance with the preceding year.

TORONTO, ONTARIO,
SEPTEMBER 20, 1963.

Mines Limited

of the Province of Ontario)

Sheet

31, 1963

Liabilities

CURRENT LIABILITIES

Accounts payable	\$ 6,296
------------------------	----------

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized:

3,000,000 shares of a par value of \$1.00 each	\$ 3,000,000
--	--------------

Issued and fully paid:

2,861,000 shares	\$ 2,861,000
------------------------	--------------

CONTRIBUTED SURPLUS

2,028,168

\$ 4,889,168

EARNED SURPLUS

Net profit for the year	\$ 1,031,060
-------------------------------	--------------

Adjustment of the amount written off investment

in and advances to subsidiary, Dyno Homes

Corporation Limited

36,245

\$ 1,067,305

Less—deficit, July 31, 1962

978,715

88,590

4,977,758

\$ 4,984,054

Approved on behalf of the Board of Directors:

S. A. PERRY, *Director.*

G. D. PATTISON, *Director.*

Report

at July 31, 1963 and the statement of profit and loss for the year ended on that such tests of accounting records and other supporting evidence as we considered

present fairly the financial position of the company as at July 31, 1963 and generally accepted accounting principles applied on a basis consistent with that of

FISHER, NISKER & COMPANY,
Chartered Accountants.

Canadian Dyno Mines Limited

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED JULY 31, 1963

REVENUE FROM SALE OF URANIUM BEARING CONCENTRATES (Note 1) \$ 2,396,857

OPERATING EXPENSES

General expenses at the Bancroft mine	\$ 36,945
Outside exploration	29,102
Administrative expenses (including \$8,400 directors' fees)	99,070
	165,117

NET INCOME BEFORE UNDERNOTED CHARGES \$ 2,231,740

Deferred development and preproduction expenditures write-off

(Note 4)	\$ 513,302
----------------	------------

Unrecovered and unamortized costs of buildings, equipment and

stores write-off (Note 4)	799,626
	1,312,928

\$ 918,812

Add—income from investments 112,248

NET PROFIT TRANSFERRED TO DEFICIT \$ 1,031,060

Canadian Dyno Mines Limited

NOTES TO FINANCIAL STATEMENTS

JULY 31, 1963

NOTE 1—Under a joint-venture agreement dated as of January 1, 1960, Gunnar Mining Limited completed by March 15, 1963, production and delivery of uranium bearing concentrates against the company's contract of October 24, 1956 with Eldorado Mining and Refining Limited.

NOTE 2—Common shares of other mining companies (other than those of the subsidiaries) are carried on the books of the company at cost less proceeds from disposals to date. These shares have a market value based on closing market quotations at July 31, 1963 of \$2,520,000. Because in some cases large blocks of shares are involved, the market value is not necessarily indicative of the amount that might be realized if the investments are sold. (As at September 20, 1963 closing quoted market value of the common shares owned at July 31, 1963 was \$2,269,600.) The debentures of another mining company shown on the balance sheet at cost of \$637,400 plus accrued interest in the amount of \$29,025 (of which \$21,775 is overdue), are without quoted market value because they are not actively traded. The directors of the company are of the opinion that full value will be realized thereon.

Subsequent to the date of the balance sheet (to September 20, 1963) the company purchased additional shares of other mining companies for \$18,636.

Under an agreement dated as of September 9, 1963, subject to approval of the Toronto Stock Exchange, the company agreed to convert the debentures of Vendbar Industries Limited shown on the balance sheet at cost plus accrued interest into common shares, to acquire further common shares of this company for \$22,500, and to loan this company up to \$100,000. On completion of this agreement the company would own a controlling share interest in Vendbar Industries Limited.

NOTE 3—The accounts of subsidiary companies have not been consolidated as it is considered that the assets of such companies at the present time have only a nominal value.

NOTE 4—Pursuant to the joint-venture agreement with Gunnar Mining Limited operations at the Bancroft mine property were suspended in 1960 and all the mine buildings, equipment and stores of the company have been sold. The unrecovered and unamortized costs of buildings, equipment and stores fully disposed of, and the deferred development and preproduction expenditures on the Bancroft property were written off over the term of the joint-venture agreement which expired March 31, 1963.

NOTE 5—The company is contingently liable in the amount of \$972,000 as guarantor of liabilities of another mining company in which it has invested.

NOTE 6—No provision has been made for taxes on income because the company intends to claim for tax purposes deferred development and preproduction expenditures previously written off for accounting purposes, and other allowances available under The Income Tax Act.

The Department of National Revenue has indicated, in the course of its assessment of the company for the fiscal years ended July 31, 1958 to 1962 inclusive, that some or all of the above-mentioned expenditures and allowances may not, in its opinion, be deductible. Although the company does not acknowledge this view, it would, if assessed and upheld, result in a tax liability for the year of \$1,082,000 (maximum).

